Summary of the
Thrift Savings Plan
for the Uniformed Services

October 2001

General Information

- History
- FRTIB & National Finance Center
- Like 401K plan - taxes deferred
- Voluntary for all military in a pay status
- Must contribute basic pay to contribute bonus money
- Open enrollment seasons

- **Investment fund choices**
  - **Govt. securities (G)**
  - **Common Stocks (C)**
  - **Fixed Income (F)**
  - **Small capitalization stock (S)**
  - **International stock (I)**
- **G fund automatic unless/until changed**

- **7% of basic pay + special pay, incentives, and bonuses (CSB)**
- **Annual IRS limit (10,500) - all sources**
- **No direct remittances – contributions must be in % and made thru payroll deductions**
- **Limit on all investment plans**

- **Combat zone tax exclusion lesser of:**
  - **$30k, or**
  - **25% of annual compensation**
- **Matching funds - critical fields (none at this time)**
- **In-service withdrawals/loans**
- **Limited in-service withdrawals**
- **Spouse rights**

After retirement:

- Single payment
- Series of payments
- Transfer to another plan
- Annuity
- Leave money in UNISERV

Application

- Manual Application TSP –U-1 Form to PAC

- E/MSS Application through DFAS online (preferred method) **http://www.dfas.mil/emss/**

Fund Investment Information

G Fund General Information

- The G Fund can be compared with 3-month marketable Treasury securities (T-bills).
- All investments in the G Fund earn interest at a statutory rate that is equal to the average of market yields on outstanding U.S. Treasury marketable securities having 4 or more years to maturity.
- The G Fund rate is set once a month by the U.S. Treasury, and all G Fund investments earn interest at that rate for the month.
- Low Risk

F,C,S & I Fund General Information

- The asset managers of the F, C, S, and I Funds are selected through a competitive bidding process.
- The Board has contracts with Barclays Global Investors (Barclays), a company owned by Barclays PLC, to manage F, C, S, and I Fund assets.
- Barclays is the largest investment manager of index funds in the United States, and has under management over $800 billion in total assets

F,C,S & I Fund General Information

- The Barclays funds are not mutual funds and are not open to individual investors however they operate in a manner similar to mutual funds.
- Contributions to the F, C, S, and I Funds are invested in G Fund securities until the cash is transferred to the respective Barclays funds.
- Barclays index funds incur trading costs when they purchase or sell securities in the bond or stock markets. When trading costs are incurred, they either reduce the amount of the F, C, S, or I Fund contributions invested or they are charged to the related Barclays index fund (thereby reducing the share price of the fund).

F Fund General Information

- The F Fund must be invested in fixed-income securities and is invested in the Barclays U.S. Debt Index Fund, which invests in notes and bonds.
- As interest rates rise, bond prices fall.
- The F Fund returns will move up and down with the returns in the bond market. During periods of rising rates, the F fund can experience losses. During periods of falling interest rates, when the prices of bonds are rising, the F fund will experience gains.
- Offers the opportunity for increased rates of return relative to the G Fund over the long term, especially in periods of generally declining interest rates.

C Fund General Info

- The C Fund must be invested in a portfolio designed to replicate the performance of an index that includes common stocks; the Board has chosen the S&P 500 index.
- The objective of the C Fund is to match the performance of the S&P 500 index.
- As prices of the stocks of the companies in the S&P 500 index rise and fall, the S&P 500 index and C Fund returns will rise and fall.
- Fund works to diversify investments and to earn relatively high investment returns that stocks can provide over the long term, while lessening the effect of poor performance of an individual stock or industry.

S Fund General Information

- The S Fund must be invested in a portfolio designed to replicate the performance of an index that includes common stocks excluding the stocks that are held in the C Fund.
- The objective of the S Fund is to match the performance of the Wilkshire 4500 index. The Wilshire 4500 index is the broadest measure of the domestic stock markets that excludes the companies held in the S&P 500 index and represents approximately 21% of the market capitalization.
- As prices of the stocks of the companies in the Wilshire 4500 index rise and fall the S Fund returns will rise and fall.
- Fund works to diversify investments and to earn relatively high investment returns that stocks can provide over the long term, while lessening the effect of poor performance of an individual stock or industry.

I Fund General Information

- The I Fund must be invested in a portfolio designed to track the performance of an index that includes common stocks the aggregate market value of which represents the international equity markets, excluding the U.S. equity markets.
- The objective of the I Fund is to match the performance of the (Europe, Australia, Asia, and Far East) EAFE index tracks the overall performance of the major companies and industries in the European, Australian, and Asian stock markets.
- As prices of the stocks of the companies in the EAFE index rise and fall, and the value of the U.S. dollar fluctuates relative to the value of the currencies of the countries represented in the EAFE index the I Fund will rise and fall.
- Fund works to diversify investments and to earn relatively high investment returns that stocks can provide over the

THRIFT SAVINGS PLAN
ELECTION FORM

TSP-U-1

Use this form to start your contributions to the Thrift Savings Plan (TSP), to change the amount of your contributions, or to stop your contributions.

Before completing this form, please read the *Summary of the Thrift Savings Plan for the Uniformed Services* and the instructions on the back of this form. **Return the completed form to the office of your service that is responsible for enrolling members in the TSP (see instructions).** Your service will return a copy to you after completing Section V.

Note: To allocate your contributions among the five investment funds, see the instructions in the General Information section on the back of this form.

I. INFORMATION ABOUT YOU

1. _____
Name *(Last)* *(First)* *(Middle)*

2. _____
Mailing Address *(may be APO or FPO)* City State Zip Code

3. _____ – _____ – _____
Social Security Number

4. (_____) _____
Telephone *(Area Code and Number)*

5. ____/____/____
Date of Birth *(mm/dd/yyyy)*

6. _____
Office Identification *(Service and Organization)*

II. START OR CHANGE YOUR CONTRIBUTIONS
(Use whole percentages only.)

To start or change the amount of your contributions, enter in Item 7 the percentage of your basic pay per pay period that you want to contribute.

7. _____.0% **Basic Pay**

If you contribute from basic pay, you may also contribute from incentive pay, special pay (except bonus pay), or bonus pay. If you elect to contribute from any of these types of pay, your election will take effect whenever you become entitled to this pay.

8. _____.0% **Incentive Pay**

9. _____.0% **Special Pay** *(except bonus pay)*

10. _____.0% **Bonus Pay**

THRIFT SAVINGS PLAN
DESIGNATION OF BENEFICIARY

TSP-3

Use this form to designate a beneficiary or beneficiaries to receive your Thrift Savings Plan (TSP) account after your death. **Read the instructions on the back to assist you in completing this form.** Type or print the information requested. Do not alter this form or the information you enter; if you need to make a correction or change your entries, start over on a new form.

I. INFORMATION ABOUT YOU

1. Name _____
Last First Middle

2. _____ – _____ – _____ **3.** ____/____/____ **4.** (_____) _____ – _____
Social Security Number Date of Birth *(Month/Day/Year)* Daytime Phone *(Area Code and Number)*

5. Address _____
Street address or box number

6. City _____ **7.** _____ **8.** _____
State Zip Code

II. DESIGNATING YOUR BENEFICIARIES

Indicate in whole percentages or fractions the share of your TSP account to be paid to each beneficiary.

1. _____ **Share:** _____
Beneficiary Name (*Last*) (*First*) (*Middle*)

_____
Street address or box number

_____
City State Zip Code

_____ ____/____/____ _____
Social Security Number/EIN Date of Birth *(Month/Day/Year)* Relationship

Other Required Forms

Important Information About Designating a Beneficiary

Members of the uniformed services who elect to participate in the Thrift Savings Plan open season **should not** submit Form TSP-U-3, Designation of Beneficiary, until they receive confirmation that a TSP account has been established for them. New participants will be sent a New Account Letter from the TSP record keeper shortly after the first TSP contribution is received from the member's service.

Forms received by the record keeper before the account is established will be rejected.

Form TSP-U-50, Investment Allocation, Not Available on the TSP Web Site

Form TSP-U-50, Investment Allocation, is the only TSP form that is **not available** from the TSP Web site. This is because the form was designed to be read by an optical scanner; if it were downloaded from the Web, this might not be possible. You can obtain a copy from your agency personnel office, or, if you are separated from Federal service, from the TSP Service Office. Alternatively, if you go to Account Access on this Web site, you can request a contribution allocation and/or IFT electronically.

Helpful Additional Information

- Plan Summary of the TSP for Uniformed Services
http://www.tsp.gov/uniserv/forms/tspbk-u-08.pdf
- Guide to TSP investments
http://www.tsp.gov/forms/tspbk03.pdf
- Thrift Savings Plan Home Page
http://www.tsp.gov/index.html
- DFAS on-line **http://www.dfas.mil/emss/**
- There are several sources of information about the performance of the TSP funds: the *TSP Highlights*, the ThriftLine, the TSP Web site, and the TSP Fact Sheet on G, F, C, S, and I Fund Monthly Returns.
- You receive a 10-year history of G, F, C, S, and I Fund performance in the *TSP Highlights,* which is sent with your

Historical Fund Performance Data

Sources of G, F, C, S, and I Fund Earnings

	G Fund	F Fund	C, S, and I Funds
Gross Earnings	Interest	Capital gain/loss (net of trading costs)	Capital gain/loss (net of trading costs)
		Interest on notes and bonds	Dividends
		Interest on short-term investments	Interest on short-term investments
		Securities lending income	Securities lending income
– **Expenses**	TSP expenses	TSP expenses	TSP expenses
		Management fees	Management fees
= Net Earnings	**Net Earnings**	**Net Earnings**	**Net Earnings**

Administrative Costs

	G Fund	F Fund	C Fund
1988	.34%	.30%	.29%
1989	.21%	.23%	.20%
1990	.11%	.13%	.13%
1991	.13%	.16%	.15%
1992	.13%	.15%	.14%
1993	.12%	.14%	.13%
1994	.10%	.12%	.11%
1995	.09%	.11%	.10%
1996	.08%	.10%	.09%
1997	.07%	.08%	.07%
1998	.06%	.08%	.07%
1999	.05%	.07%	.06%
2000	.05%	.07%	.06%

G Fund-Related Securities, LBA Index, S&P 500 Index, Wilshire 4500 Index, and EAFE Index Rates of Return 1988 – 2000

Year	G Fund-Related Securities	LBA Index	S&P 500 Index	Wilshire 4500 Index	EAFE Index
1988	9.19%	7.89%	16.61%	20.54%	28.25%
1989	9.01	14.53	31.69	23.94	10.36
1990	8.97	8.96	(3.10)	(13.56)	(23.59)
1991	8.26	16.00	30.47	43.45	12.19
1992	7.32	7.40	7.62	11.87	(12.22)
1993	6.23	9.75	10.08	14.57	32.68
1994	7.29	(2.92)	1.32	(2.66)	7.75
1995	7.10	18.47	37.58	33.48	11.27
1996	6.80	3.63	22.96	17.18	6.14
1997	6.80	9.65	33.36	25.69	1.55
1998	5.77	8.69	28.58	8.63	20.09
1999	6.03	(.82)	21.04	35.49	26.72
2000	6.42	11.63	(9.10)	(15.77)	(14.17)
1988 – 2000 Compound Annual Rate of Return	**7.31%**	**8.52%**	**16.69%**	**14.22%**	**6.92%**

C, F, and G Fund Monthly Returns

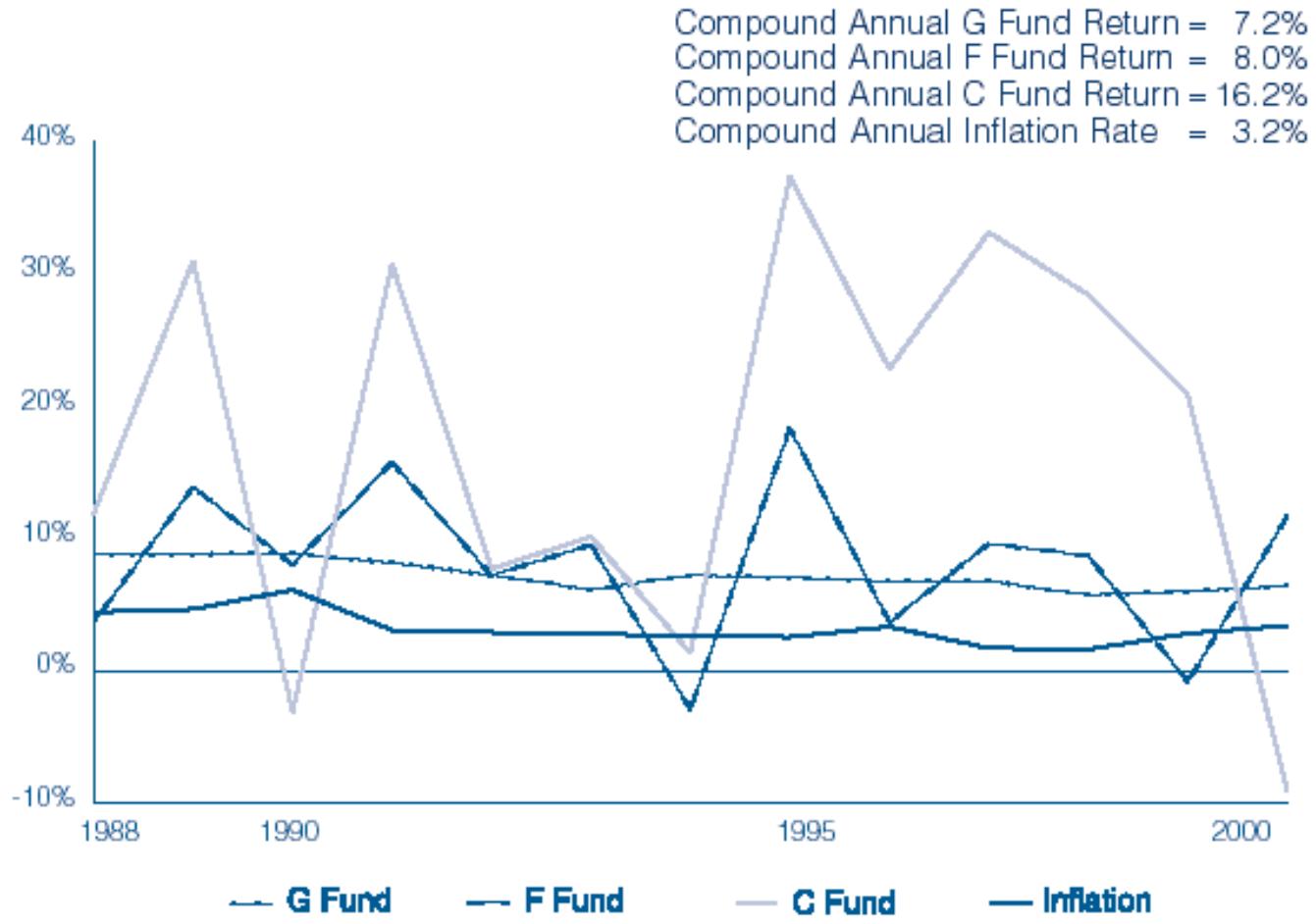
January 8, 2001

Months	C Fund	S&P 500 Stock Index	F Fund	Lehman Brothers Aggregate Bond Index	G Fund
1995 (Jan. – Dec.)	**37.41%**	37.58%	**18.31%**	18.47%	**7.03%**
1996 (Jan. – Dec.)	**22.85%**	22.96%	**3.66%**	3.63%	**6.76%**
1997 (Jan. – Dec.)	**33.17%**	33.36%	**9.60%**	9.65%	**6.77%**
1998 (Jan. – Dec.)	**28.44%**	28.58%	**8.70%**	8.69%	**5.74%**
1999 (Jan. – Dec.)	**20.95%**	21.04%	**(.85%)**	(.82%)	**5.99%**

G, F, and C Fund Rates of Return -- 2000

Months	G Fund	F Fund*	C Fund
2000			
January	.56%	(.34%)	(5.03%)
February	.53	1.22	(1.93)
March	.55	1.32	9.74
April	.52	(.29)	(2.98)
May	.54	(.03)	(2.05)
June	.53	2.07	2.44
July	.53	.89	(1.56)
August	.52	1.46	6.19
September	.49	.64	(5.27)
October	.51	.66	(.40)
November	.48	1.65	(7.87)
December	.48	1.86	.50
Annual Return	**6.42%**	**11.67%**	**(9.14%)**

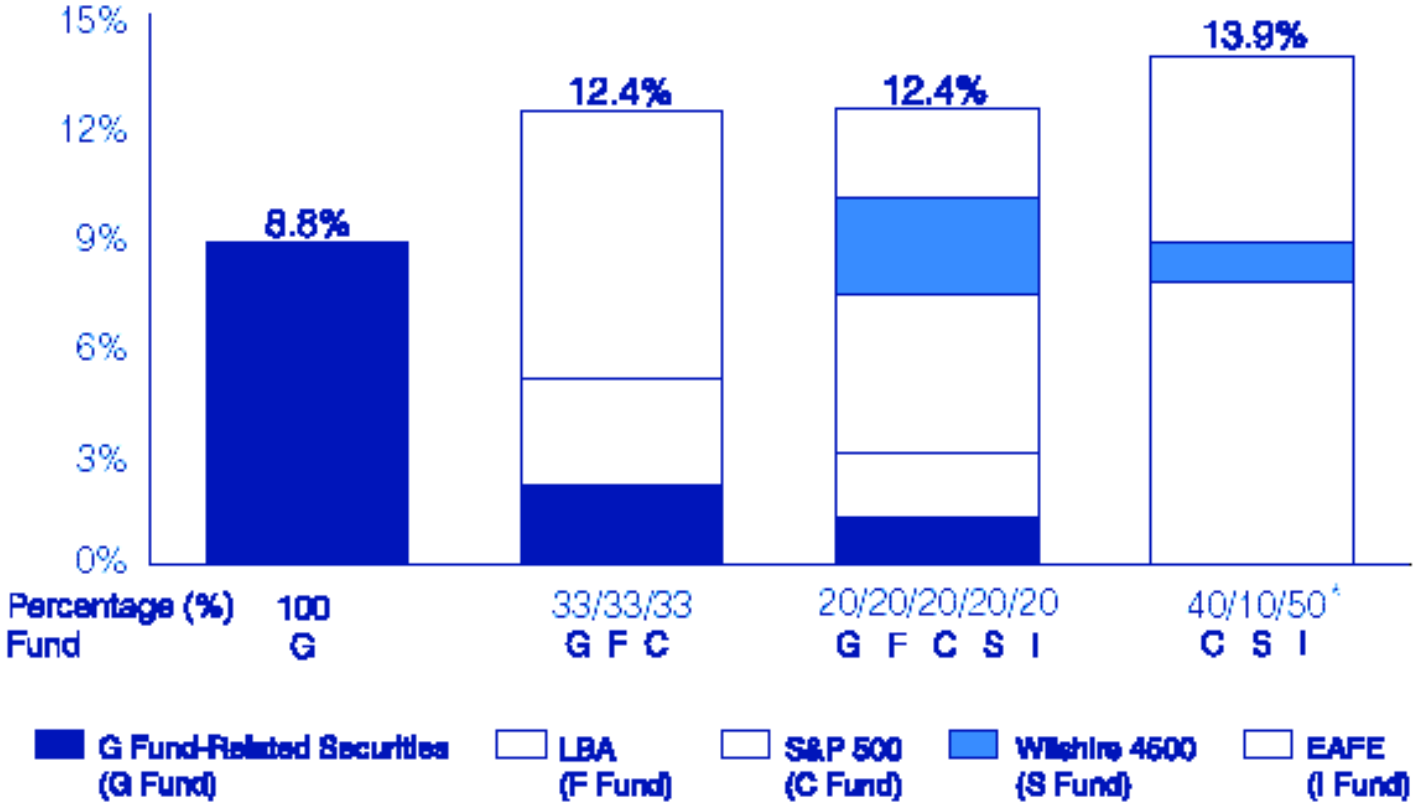
G Fund, F Fund, and C Fund Returns
1988* – 2000



* The first F Fund and C Fund investments occurred on January 29, 1988.

Portfolio Mix of G Fund-Related Securities, LBA, S&P 500, Wilshire 4500, and EAFE

Compound Annual Return, 1981 – 2000



* This portfolio approximates the relative market capitalizations of the stocks constituting the S&P 500, Wilshire 4500, and EAFE indexes, respectively.

G Fund Yield Advantage

January 1988 – December 2000